



District of Columbia Section 1115 Waiver Proposal

Project Overview

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Overview of Presentation

- ❑ DC Context
- ❑ Project Goal
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- ❑ Project Status
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DC Context

- ❑ The two main sources of coverage for low-income individuals are Medicaid/SCHIP and the DC Healthcare Alliance
- ❑ The Alliance was created after the closing of DC General, in order to provide a regular source of care to individuals who previously relied on the public hospital
- ❑ Because these programs provide coverage to all groups below 200% of the poverty level, the uninsured rate for non-elderly adults is 9%, well below the national average of 19%

DC Context (cont.)



- ❑ The Alliance has had many successes, including giving patients a regular source of primary care and reducing hospitalizations and ER visits
- ❑ However, it was never DC's intention to continue this program indefinitely with 100% local funding
- ❑ The Medical Assistance Administration turned to EP&P Consulting for assistance in securing federal funding for the Alliance through a waiver program



Project Goal

- ❑ Principal goal is to save D.C. dollars by securing federal funding for the D.C. Healthcare Alliance
 - Medicaid and/or State Children’s Health Insurance Program (SCHIP) funding can be secured through a federal waiver
 - The federal Department of Health and Human Services (HHS) is interested in waivers that expand health insurance coverage – we would base our proposal on the fact that the Healthcare Alliance is a model program for the uninsured

Waiver Background



- ❑ In order to understand the role of waivers, it is first important to understand how the Medicaid program ordinarily operates:
 - Medicaid is an “all or nothing” program – once a state decides to cover a certain population, everyone in that population who applies must be covered, and everyone must get the same benefits
 - Medicaid can only cover certain “categories” of people, e.g., parents, children, pregnant women, the elderly, the disabled

Waiver Background (cont.)



- ❑ Waivers are devices to allow states to use federal funding in ways not ordinarily allowed under the law
 - This can mean using different rules for different groups (deviating from the “all or nothing” concept)
 - It can also mean covering populations not permitted under law, e.g., childless adults as in DC’s existing age 50-64 waiver
 - Certain things cannot be waived, such as using federal funds to cover non-qualified aliens

Waiver Background (cont.)



- ❑ States have also been able to use waivers to secure federal funding for programs that were previously state-funded
- ❑ Waivers can also be used as a tool to restructure health care delivery systems
- ❑ An additional benefit of pursuing a waiver is the ability to draw down federal funds that previously were not captured

Waiver Background (cont.)



- ❑ Waivers are authorized under Section 1115 of the Social Security Act
- ❑ Waivers must be approved by the Centers for Medicare and Medicaid Services (CMS)
- ❑ Waivers can also be avenues for the federal government to pursue health policy objectives
 - In the early 1990s, waivers were seen as a laboratory for testing health care reform ideas
 - Today, the Health Insurance Flexibility and Accountability (HIFA) waivers advance the goal of covering the uninsured in partnership with employers

Waiver Background (cont.)



- ❑ D.C. could benefit from a waiver because:
 - Federal funding could replace some of the District dollars in the Healthcare Alliance
 - The District could use the waiver to use unclaimed SCHIP funds

Waiver Background (cont.)



- ❑ An important concept in waiver design is **budget neutrality**:
 - Budget neutrality means demonstrating that the waiver costs the federal government no more than would be the case in the absence of the waiver
 - CMS uses a “without waiver” vs. “with waiver” comparison to measure budget neutrality

Waiver Background (cont.)



- ❑ Calculation of “without waiver” component:
 - Any costs associated with individuals who could fall into a Medicaid category are counted (e.g., parents of dependent children, the disabled)
 - This cancels out the costs of these populations on the “with waiver” side of the equation
 - The “without waiver” component **cannot** include the so-called non-categoricals, i.e., non-disabled adults without dependent children (those who do not fit into a Medicaid category under the law – this would likely include many Alliance members)

Waiver Background (cont.)



- ❑ There are several ways to cover the “with waiver” cost of non-categoricals in the “without waiver” component:
 - Using unspent SCHIP funds (D.C. has approx \$3 million/year)
 - Re-directing disproportionate share hospital payments
 - Generating savings by making benefit package or cost sharing modifications to the existing program



Project Status

- ❑ Waiver issues have been grouped into short-term and long-term decision points
- ❑ Short-term decision points include:
 - Who should be in the waiver for federal funding purposes?
 - Should any existing Medicaid benefits be changed to generate savings?
 - What benefit package and service delivery system should be used in the waiver?

Project Status (cont.)



- ❑ Our recommendations on the short-term issues are as follows:
 - Overlap the Alliance population with the waiver to the greatest extent possible
 - Make no reductions in current Medicaid benefits
 - Consider adding dental benefits to Medicaid for the sake of consistency with the Alliance benefit package
 - Use the Alliance service delivery system

Project Status (cont.)



- ❑ Long-term decision points include:
 - Consideration of benefit standardization (e.g., mental health for Alliance enrollees)
 - Permanent service delivery system and administrative structure
- ❑ These issues will be addressed post-approval, with the assistance of a broad-based work group

Federal Issues



- ❑ In order to maximize federal funding there are two major federal issues to be resolved:
 - Maintenance of effort (this is an issue because federal funding will be replacing local funding)
 - Budget neutrality (this is an issue because most Alliance enrollees do not fit into a Medicaid category)
- ❑ In addition, it is important to secure an expedited review and approval

Next Steps



- ❑ Additional data analysis
 - Alliance enrollees' potential disability status (for budget neutrality purposes)
- ❑ Waiver preparation
- ❑ Council approval
- ❑ Submission to CMS